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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

BEFORE THE

Federal Communications Commission

WASHINGTON, D. C. 20554

In the Matter of)
)
Assessment and Collection of Regulatory Fees) MD Docket 96-84
For Fiscal Year 1996)

DOCKET FILE COPY ORIGINAL

To: The Commission

COMMENTS OF MONTANA BROADCASTERS ASSOCIATION

The Montana Broadcasters Association ("MBA"), representing the licensees of approximately 130 Montana broadcast stations, submits herewith its Comments regarding the Commission's proposed 1996 regulatory fees schedule for broadcast stations. MBA, as in the past, focuses on the unfair burden placed on small market radio stations. Through these Comments, MBA presents an alternative regulatory fees structure for radio stations that will generate the same revenue but will more fairly allocate the regulatory fee burden among the nation's radio stations.

The Radio Regulatory Fees Schedule Should Take Cognizance of Market Size

In its Notice of Proposed Rulemaking in the above-captioned proceeding, FCC 96-153 (released April 9, 1996), the Commission invited commenters to propose viable alternatives to the proposed rate schedule. NPRM, ¶ 21. MBA does so here. The 1994 and 1995 regulatory fees schedule for commercial radio stations distinguished between AM and FM stations. Furthermore, within each service, distinctions were drawn between the various classes of stations. A separate fee category was established for each class of AM station -- A, B, C and D. FM

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stations were divided into two fee classes. Higher powered stations (Classes C, C1, C2 and B) were in one category; lower powered stations (Classes A, B1 and C3) were in the other.

Significantly, however, no distinction was drawn on the basis of the size of the market in which a station was located. Thus, as MBA pointed out in its comments in the 1995 regulatory fee rulemaking, a Class B station in New York City (1994 population 7,333,253) paid the same regulatory fee as a Class C station in Red Lodge, Montana (1994 population 2,280). The failure to take cognizance of market size places an unfair burden on the small market stations. Data compiled by BIA Publications, Inc., a leading broadcast financial data research firm, confirm radio stations in the top 50 markets garner 57.3% of the nation's total radio revenue. (Stations in the top twenty markets alone get 40.7%.) Stations in Markets 51-100 receive another 11.1% of the total radio revenue. Thus, radio stations in the top-100 markets receive 68.4% of all radio revenue. See Exhibit 1 hereto. Yet, according to data derived from the Dataworld MediaXpert data base, those markets contain only 1322 stations,[1] or roughly 15% of the 8,795 stations expected to pay regulatory fees for fiscal year 1996. In light of these significant market factors, it is inequitable to continue assessing radio regulatory fees strictly on the basis of technical facilities groupings.[2]

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[1] See Exhibit 2 hereto. For the purposes of Dataworld's count, a station is considered within an Arbitron market if the station's transmitter location is within the Arbitron Metro for that market.

[2] The Commission considered in its 1995 rulemaking establishing the differential between stations located within Arbitron rated markets and those located outside of those markets. No fee differential between very large Arbitron markets and very small Arbitron markets was proposed. Eventually, the Commission decided not to establish any market differential, leaving the current inequitable fee structure in place.

An Alternative Fee Structure Should Be Adopted

As an alternative, MBA proposes a fee structure that will differentiate between markets. Such a fee structure reflects the economic strength and greater revenue potential enjoyed by large market stations. Specifically, MBA proposes that the market classification structure similar to that used in television be adopted. Television stations, for regulatory fee purposes, are classified according to the type of station (VHF or UHF) and market size. There are five television market size classifications: Markets one through 10, 11 through 25, 26 through 50, 51 through 100 and the remaining markets.

For radio regulatory fee purposes, MBA proposes that stations be classified both according to their technical facilities (as they currently are) and according to their market size. Specifically, MBA proposes four market classifications: one through 25, 26 through 50, 51 through 100 and remaining markets. Market classifications would be based on readily available Arbitron market data.[3]

Using the television regulatory fee structure as a model, MBA proposes that the ratio between the regulatory fee paid by a station located outside of the top-100 markets and a station within the same technical facilities grouping but located in a larger market should be as follows:

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[3] In its 1995 comments, MBA criticized use of Arbitron data. That criticism focused, however, on the use of Arbitron data for the nation's smallest markets. In the smallest markets whether a particular market is Arbitron rated or not depends not on the population but on whether one or more licensees in that market subscribe to Arbitron's services. As a result some smaller Arbitron markets actually have less population than non-Arbitron markets. This discrepancy does not exist, however, with respect to the top 100 markets. All of those markets are Arbitron rated.

Markets one through 25	1 to 3.4[4]
Markets 26 through 50	1 to 2.4
Markets 51 through 100	1.6

With the use of such ratios, the fee structure could reflect, to some degree, the population density of the station's geographic location without the significant expenditure of funds to develop a new data base.

The development of a complete fee structure based on these ratios required a count of the stations within each market group and each technical facilities group. MBA was able to obtain that information through the Dataworld MediaXpert Service. By using (a) the station count data from Dataworld,[5] (b) the market ratios set forth above, and (c) the ratios between technical facilities groups previously used, MBA has developed a rate structure set forth in Exhibit 3 hereto.[6] This rate structure should result in aggregate revenue to the Commission of $6,165,715, slightly higher than the $6,088,025 projected to be received under the fee structure for radio stations proposed in Appendix D of the NPRM.[7] While MBA's proposed rate structure does not reflect the precise market circumstances faced by each licensee, it more fairly distributes the regulatory fee burden among the nation's radio stations. It would eliminate the anomaly whereby

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4 This represents an average of the ratios used in the television fee rate structure for markets 1 through 10 (1 to 3.6) and markets 1 through 25 (1 to 3.2).

5 See Exhibit 2.

6 Fees derived from these calculations have been rounded to the nearest $5.00.

7 MBA does not propose any change in the proposed fee for AM and FM construction permits, respectively $125.00 and $620.00.

stations in the nation's largest market are paying the same fee as stations in sparsely populated rural areas simply because they are in the same technical facilities grouping.[8]

In summary, MBA urges the Commission to revise its regulatory fee schedule for radio stations to incorporate market-size classifications such as has been done with respect to television stations since the inception of the regulatory fee program.

MONTANA BROADCASTERS ASSOCIATION

By ____________________
DENNIS F. BEGLEY

By ____________________
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[8] MBA has urged in the past that each station's regulatory fee be based on its gross revenue. Although MBA still believes that that methodology ultimately would be the fairest to all stations, it recognizes that adoption of a rate schedule such as that proposed in Appendix A hereto would be somewhat simpler and, possibly, less expensive to administer. MBA, however, shall continue to develop a gross revenue methodology for consideration in future fiscal years.

Exhibit 1

BIA Publications, Inc.

State of the Radio Industry 1996

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received estimates on well over 3,000 stations from thousands of general managers and owners. The response this year was exceptional. In addition to soliciting information on station and market revenues, we also asked about their expectations for future revenue growth. In addition to these direct responses, we also have the general knowledge gained from conducting consulting studies on hundreds of stations in each of the last 12 years. The resulting revenue estimates and projections are contained in our *Investing in Radio* publication and *MasterAccess*, our software package on the radio industry, and are the basis for much of the data presented in this report.

[illegible]	[illegible]	[illegible] 1/	[illegible]	[illegible]	Rev.	% of Rev.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	11.[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	747	7.1[illegible]
[illegible]	[illegible]	519	[illegible]	[illegible]	[illegible]	5.[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	414	4.0%
[illegible]	1,[illegible]	[illegible],236	[illegible]	1,[illegible]	[illegible]	57.3%
[illegible]	[illegible]	1,029	[illegible]	1,[illegible]	[illegible],160	11.1%
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]614	5.9%
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	4.2%
[illegible]	[illegible]	301	[illegible]	[illegible]	[illegible]	3.2%
[illegible]	[illegible]	[illegible]7,517	[illegible]	[illegible]	[illegible]	81.6%
[illegible]	[illegible]	0	[illegible]	[illegible]	[illegible]	18.4%
[illegible]	[illegible]	[illegible]7,517	[illegible]	10,[illegible]	[illegible]	100.0%

1/ [illegible] in SIA's Investing [illegible]

2/ [illegible] for this report.

Source: [illegible]

Based on our extensive research, we estimate radio advertising revenues for the primary competitors in the Arbitron-rated markets topped $7.5 billion in 1995. This represented 7.4% growth over the $7.0 billion estimated for these markets in 1994. It should be noted that our estimates include hundreds of smaller stations and stations not reporting to compilers of market data. Since these stations typically have revenue growth that is slower than that of the larger, reporting stations, our overall growth is usually somewhat less than other published studies. Given this more comprehensive approach and the underlying research, we are confident in the reasonableness of these estimates.

In connection with this study, we have also attempted to estimate total revenues for the radio industry in 1995. As Table 7 indicates, we estimate that the 10,246 radio stations operating in the United States in 1995 generated total revenues approaching $10.5 billion.

This was determined by estimating revenues for the 1,772 weaker stations listed, but not really competing in the Arbitron-rated markets for this report and the 4,802 stations competing in unrated markets. Based on an analysis of average price per station, we assumed that revenues would average $500,000 per station in the rated market, with weighting for market size, and $400,000 for the stations in the unrated markets.

We estimate that over 57% of the industry's revenues, $6.0 billion, was generated in the 50 largest markets in the nation. In fact, we estimate that over 29% of the radio industry's total revenues for 1995 were generated by the 489 stations competing in the Top-10 markets.

Radio Revenue Growth Outlook

In making our revenue projections we take into account the current and projected economic outlook, historic radio revenue trends and the expectations of radio general

Exhibit 2

Dataworld Count

of

Stations in Markets 1-25, 26-50 and 51-100,

and Within Previously Established Technical

Facilities Groupings

	Markets 1-25	Markets 26-50	Markets 51-100
Class A AM	**17**	**7**	**2**
Class B AM	**18**	**8**	**7**
Class C AM	**0**	**0**	**0**
Class D AM	**0**	**0**	**0**
Classes C, C1, C2 and B - FM	**372**	**236**	**322**
Classes A, B1 and C3 - FM	**72**	**72**	**189**

Total Stations Markets 1-100: 1,322

AM Database Retrieval Program

Job Title:	MARKET NUMBERS
State code(s) selected:	AL AK AZ AR CA CO CT DE DC FL GA GU HI ID IL IN IA KS KY LA ME MD MA MI MN MS MO MT NE NV NH NJ NM NY NC ND OH OK OR PA PR RI SC SD TN TX UT VT VA VI WA WV WI WY
Authorization(s) selected:	LIC
Class(es) selected:	I-A II-A
ADI market rank span:	1 to 25
Output format number 1	
Database searched:	Dataworld 04/18/96
Records processed:	15028
Records retrieved:	17

AM Database Retrieval Program

Job Title:	MARKET NUMBERS
State code(s) selected:	AL AK AZ AR CA CO CT DE DC FL GA GU HI ID IL IN IA KS KY LA ME MD MA MI MN MS MO MT NE NV NH NJ NM NY NC ND OH OK OR PA PR RI SC SD TN TX UT VT VA VI WA WV WI WY
Authorization(s) selected:	LIC
Class(es) selected:	I-B II-B
ADI market rank span:	1 to 25
Output format number 1	
Database searched:	Dataworld 04/18/96
Records processed:	15028
Records retrieved:	18

AM Database Retrieval Program

Job Title: MARKET NUMBERS

State code(s) selected: AL AK AZ AR CA CO CT DE DC FL GA GU HI ID IL IN IA KS KY LA ME MD MA MI MN MS MO MT NE NV NH NJ NM NY NC ND OH OK OR PA PR RI SC SD TN TX UT VT VA VI WA WV WI WY

Authorization(s) selected: LIC

Class(es) selected: I-C II-C

ADI market rank span: 1 to 25

Output format number 1

Database searched: Dataworld 04/18/96

Records processed: 15028

Records retrieved: 0

AM Database Retrieval Program

Job Title:	MARKET NUMBERS
State code(s) selected:	AL AK AZ AR CA CO CT DE DC FL GA GU HI ID IL IN IA KS KY LA ME MD MA MI MN MS MO MT NE NV NH NJ NM NY NC ND OH OK OR PA PR RI SC SD TN TX UT VT VA VI WA WV WI WY
Authorization(s) selected:	LIC
Class(es) selected:	I-D II-D
ADI market rank span:	1 to 25
Output format number 1	
Database searched:	Dataworld 04/18/96
Records processed:	15028
Records retrieved:	0

FM Database Retrieval Program

Job Title:	MARKET NUMBERS
State code(s) selected:	AL AK AZ AR CA CO CT DE DC FL GA GU HI ID IL IN IA KS KY LA ME MD MA MI MN MS MO MT NE NV NH NJ NM NY NC ND OH OK OR PA PR RI SC SD TN TX UT VT VA VI WA WV WI WY
Authorization(s) selected:	LIC
Class(es) selected:	B C C1 C2

Full service FM records only

ADI market rank span: 1 to 25

Commercial facility records only

Output format number 1

Database searched:	Dataworld 04/17/96
Records processed:	19266
Records retrieved:	372

FM Database Retrieval Program

Job Title:	MARKET NUMBERS
State code(s) selected:	AL AK AZ AR CA CO CT DE DC FL GA GU HI ID IL IN IA KS KY LA ME MD MA MI MN MS MO MT NE NV NH NJ NM NY NC ND OH OK OR PA PR RI SC SD TN TX UT VT VA VI WA WV WI WY
Authorization(s) selected:	LIC
Class(es) selected:	A B1 C3
Full service FM records only	
ADI market rank span:	1 to 25
Commercial facility records only	
Output format number 1	
Database searched:	Dataworld 04/17/96
Records processed:	19266
Records retrieved:	72

AM Database Retrieval Program

Job Title:	MARKET NUMBERS
State code(s) selected:	AL AK AZ AR CA CO CT DE DC FL GA GU HI ID IL IN IA KS KY LA ME MD MA MI MN MS MO MT NE NV NH NJ NM NY NC ND OH OK OR PA PR RI SC SD TN TX UT VT VA VI WA WV WI WY
Authorization(s) selected:	LIC
Class(es) selected:	I-A II-A
ADI market rank span:	26 to 50
Output format number 1	
Database searched:	Dataworld 04/18/96
Records processed:	15028
Records retrieved:	7

AM Database Retrieval Program

Job Title:	MARKET NUMBERS
State code(s) selected:	AL AK AZ AR CA CO CT DE DC FL GA GU HI ID IL IN IA KS KY LA ME MD MA MI MN MS MO MT NE NV NH NJ NM NY NC ND OH OK OR PA PR RI SC SD TN TX UT VT VA VI WA WV WI WY
Authorization(s) selected:	LIC
Class(es) selected:	I-B II-B
ADI market rank span:	26 to 50
Output format number 1	
Database searched:	Dataworld 04/18/96
Records processed:	15028
Records retrieved:	8

AM Database Retrieval Program

Job Title: MARKET NUMBERS

State code(s) selected: AL AK AZ AR CA CO CT DE DC FL GA GU HI ID
IL IN IA KS KY LA ME MD MA MI MN MS MO MT
NE NV NH NJ NM NY NC ND OH OK OR PA PR RI
SC SD TN TX UT VT VA VI WA WV WI WY

Authorization(s) selected: LIC

Class(es) selected: I-C
II-C

ADI market rank span: 26 to 50

Output format number 1

Database searched: Dataworld 04/18/96

Records processed: 15028

Records retrieved: 0

AM Database Retrieval Program

Job Title:	MARKET NUMBERS
State code(s) selected:	AL AK AZ AR CA CO CT DE DC FL GA GU HI ID IL IN IA KS KY LA ME MD MA MI MN MS MO MT NE NV NH NJ NM NY NC ND OH OK OR PA PR RI SC SD TN TX UT VT VA VI WA WV WI WY
Authorization(s) selected:	LIC
Class(es) selected:	I-D II-D
ADI market rank span:	26 to 50
Output format number 1	
Database searched:	Dataworld 04/18/96
Records processed:	15028
Records retrieved:	0

FM Database Retrieval Program

Job Title: MARKET NUMBERS

State code(s) selected: AL AK AZ AR CA CO CT DE DC FL GA GU HI ID IL IN IA KS KY LA ME MD MA MI MN MS MO MT NE NV NH NJ NM NY NC ND OH OK OR PA PR RI SC SD TN TX UT VT VA VI WA WV WI WY

Authorization(s) selected: LIC

Class(es) selected: B C C1 C2

Full service FM records only

ADI market rank span: 26 to 50

Commercial facility records only

Output format number 1

Database searched: Dataworld 04/17/96

Records processed: 19266

Records retrieved: 236

FM Database Retrieval Program

Job Title:	MARKET NUMBERS		
State code(s) selected:	AL AK AZ AR CA CO CT DE DC FL GA GU HI ID IL IN IA KS KY LA ME MD MA MI MN MS MO MT NE NV NH NJ NM NY NC ND OH OK OR PA PR RI SC SD TN TX UT VT VA VI WA WV WI WY		
Authorization(s) selected:		LIC	
Class(es) selected:	A	B1	C3

Full service FM records only

ADI market rank span: 26 to 50

Commercial facility records only

Output format number 1

Database searched:	Dataworld 04/17/96
Records processed:	19266
Records retrieved:	72

AM Database Retrieval Program

Job Title:	MARKET NUMBERS
State code(s) selected:	AL AK AZ AR CA CO CT DE DC FL GA GU HI ID IL IN IA KS KY LA ME MD MA MI MN MS MO MT NE NV NH NJ NM NY NC ND OH OK OR PA PR RI SC SD TN TX UT VT VA VI WA WV WI WY
Authorization(s) selected:	LIC
Class(es) selected:	I-A II-A
ADI market rank span:	51 to 100
Output format number 1	
Database searched:	Dataworld 04/18/96
Records processed:	15028
Records retrieved:	2

AM Database Retrieval Program

Job Title:	MARKET NUMBERS
State code(s) selected:	AL AK AZ AR CA CO CT DE DC FL GA GU HI ID IL IN IA KS KY LA ME MD MA MI MN MS MO MT NE NV NH NJ NM NY NC ND OH OK OR PA PR RI SC SD TN TX UT VT VA VI WA WV WI WY
Authorization(s) selected:	LIC
Class(es) selected:	I-B II-B
ADI market rank span:	51 to 100
Output format number 1	
Database searched:	Dataworld 04/18/96
Records processed:	15028
Records retrieved:	7

AM Database Retrieval Program

Job Title: MARKET NUMBERS

State code(s) selected: AL AK AZ AR CA CO CT DE DC FL GA GU HI ID
IL IN IA KS KY LA ME MD MA MI MN MS MO MT
NE NV NH NJ NM NY NC ND OH OK OR PA PR RI
SC SD TN TX UT VT VA VI WA WV WI WY

Authorization(s) selected: LIC

Class(es) selected: I-C
II-C

ADI market rank span: 51 to 100

Output format number 1

Database searched: Dataworld 04/18/96

Records processed: 15028

Records retrieved: 0

REDDY, BEGLEY & McCORMICK
WASHINGTON, DC

AM Database Retrieval Program

Job Title:	MARKET NUMBERS
State code(s) selected:	AL AK AZ AR CA CO CT DE DC FL GA GU HI ID IL IN IA KS KY LA ME MD MA MI MN MS MO MT NE NV NH NJ NM NY NC ND OH OK OR PA PR RI SC SD TN TX UT VT VA VI WA WV WI WY
Authorization(s) selected:	LIC
Class(es) selected:	I-D II-D
ADI market rank span:	51 to 100
Output format number 1	
Database searched:	Dataworld 04/18/96
Records processed:	15028
Records retrieved:	0